



Revolving Fund Concept

DWCF

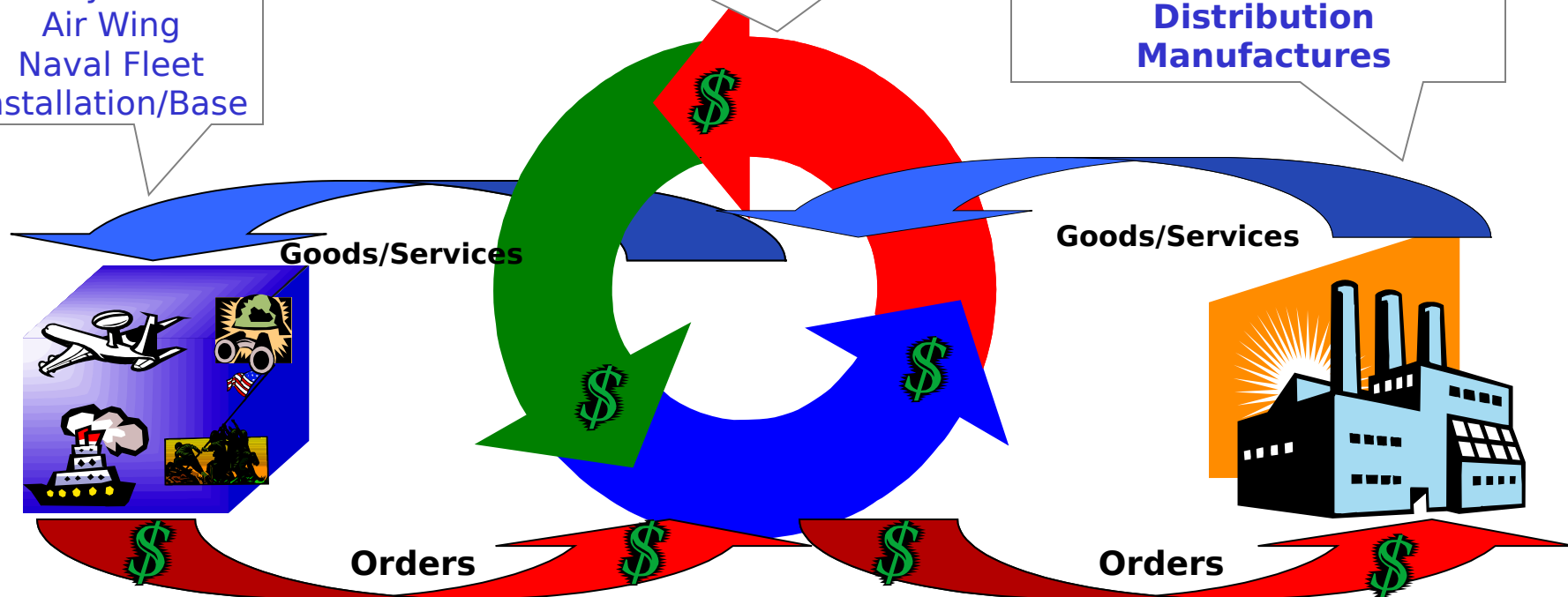
The DWCF, as a revolving fund, is cyclical in nature

Customers

Infantry Division
Air Wing
Naval Fleet
Installation/Base

Primary Supplier

Supply Management
Distribution
Manufactures





Terms and Definitions

another way to look at it...

Cost Recovery Rate aka Surcharge = Cost to Operate + DoD Cost Adjustments

Small piece of the pie **Sales Base**

Customer Price = Materiel Cost + Surcharge_

The Whole Pie!

in other words

Customer Price = Cost of stuff + Cost to Operate + DoD Cost Adjustments

(Current Year Sales + Budgeted Inflation) @ Next year's price

- Current Year Sales + Actual Inflation) @ Current Year Price

= Customer Price Change

Customer Budgets are based on this



Definition of Terms

Recoverable Costs

- Governed by Regulation & budget guidance
- Operations costs, material related costs, forecast inflation, transportation, depot costs, accounting services, cataloging, reutilization & disposal, depreciation
- May be adjusted for prior year gains, losses or cash

Cost Recovery Rates

- aka Surcharge **(CRR)**
- Relationship between recoverable costs and material costs
- Used to develop standard prices
- Recoverable costs divided by sales base = CRR
- No comparison basis between businesses

Customer Price Change

- Composite difference in price set for market basket of items (standard price) from one year to next
- Describes price change impacts similar to CPI
- DoD budget tool for “topline” control
- Comparison basis between businesses